



THOMAS L. GARTHWAITE, M.D.
Director and Chief Medical Officer

FRED LEAF
Chief Operating Officer

COUNTY OF LOS ANGELES
DEPARTMENT OF HEALTH SERVICES
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January 13, 2004

TO: Each Supervisor

FROM: Thomas L. Garthwaite, M.D.
Director and Chief Medical Officer

A handwritten signature in blue ink, which appears to read "Thomas L. Garthwaite", is written over the printed name and title.

SUBJECT: LA CARE DEFAULT ASSIGNMENT ISSUE

This is in response to your Board's action on January 6 instructing the Department of Health Services (DHS) to report back in ten days regarding the background and implications of the Medi-Cal Auto-Assignment Redistribution proposal currently pending before the L.A. Care Health Plan Board of Governors.

Background

At L.A. Care Health Plan's inception, all members who enrolled but did not choose a primary care provider or a plan partner were automatically assigned to the Community Health Plan (CHP). In November 2002, this policy was modified so that no fewer than 75 percent of members who did not make a selection at enrollment were assigned to CHP.

Due to the current and anticipated further decline in Medi-Cal membership statewide, L.A. Care Health Plan has recommended to its Board of Governors that they adopt a new auto-assignment distribution so that two other plan partners – Care 1st and UHP – receive more auto-default members. The proposal is to redistribute members who have not selected a provider as follows: 40 percent CHP; 30 percent Care 1st; and 30 percent UHP.

Impact on CHP

L.A. Care Health Plan staff and the Department have analyzed and agree on the potential impact of the proposed reduction to the CHP. Both parties agree that the new policy will result in:

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- An average reduction of member months of between 1350 and 1500 monthly to the CHP and
- An estimated reduction in revenue of \$1.4 million annually to the CHP.

DHS Position

The Department opposes any reduction in the auto assignment percentage to the CHP. The policy rationale for this position is based on the impact on revenue, which flows directly to DHS facilities to support the Department's safety net mission. This impact, in conjunction with the current uncertainty of the Medi-Cal program due to the state budget crisis, could materially impact revenue to DHS facilities.

Additionally, Blue Cross and Kaiser, L.A. Care Health Plan's remaining plan partners that are not impacted by this redistribution proposal, may at a later time request that auto-assigned members be assigned to them. L.A. Care Health Plan may then propose another reduction to the CHP auto-assigned members.

At their meeting on January 8, 2004, pursuant to the request from your Board, the L.A. Care Health Plan Board of Governors voted to delay action on the Medi-Cal Auto-Assignment Redistribution proposal for 30 days. The L.A. Care Health Plan Board of Governors plans to take this issue up at its February 5 meeting. I will update you on any actions taken by LA Care on this proposal at that time.

Please contact me if you need any additional information.

TLG:jw

c: Chief Administrative Officer
County Counsel
Executive Office, Board of Supervisors